INSPECTOR GENERAL

MEMORANDUM

DATE: November 20, 2026

TO: Julie Kitka
Federal Co-Chair, Denali Commission

RODERICK FILLINGER Digitally signed by RODERICK FILLINGER Date: 2026.11.20 11:07:36 -05'00'

FROM: Roderick H. Fillinger
Inspector General

SUBJECT: Results of the Audit of the FY 2026 Denali Commission Financial Statement Audit (Report No. 2027-AUD-05)

I am pleased to provide you with the attached audit report in which Premier Group (PG), an independent public accounting firm, presented an unmodified opinion on the Denali Commission's fiscal year 2026 and 2025 financial statements. PG performed the audit in accordance with U.S. generally accepted government auditing standards.

In its audit of the Denali Commission, PG reported that in its opinion, the financial statements present fairly, in all material respects, the Commission's financial position as of September 30, 2026, and its net costs of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

My office oversaw the audit performance, including the review of PG's report and related documentation and inquiries of its representatives. This review disclosed no instances where PG did not comply, in all material respects, with U.S. generally accepted government auditing standards. As differentiated from an audit in accordance with these standards, my review was not intended to enable me to express any opinion on the Denali Commission's financial statements.

Therefore, I do not express any opinion on the Denali Commission's financial statements, conclusions about the effectiveness of internal controls, or conclusions on compliance with laws, regulations, contracts, and grant agreements. PG is solely responsible for the attached report, dated November 13, 2026, and the conclusions expressed in it.

We appreciate the cooperation and courtesies the Denali Commission extended to both PG and my office during the audit. If you wish to discuss the contents of this report, please call me at (907) 271-3500.

Attachment

cc: John Whittington, General Counsel
Beth Flowers, Senior Financial Officer

DENALI COMMISSION

FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
WITH INDEPENDENT AUDITOR'S REPORT THEREON

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INDEPENDENT AUDITOR'S REPORT

To the Inspector General and the Management of
the Denali Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Denali Commission (the Commission), which comprise the balance sheets as of September 30, 2026 and 2025, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Commission's financial position as of September 30, 2026 and 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, Audit Requirements for Federal Financial Statements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB), which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS and *Government Auditing Standards.* These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Commission's Agency Financial Report. The other information comprises the Analysis of Systems, Controls, and Legal Compliance, Denali Commission FY 2026 Work Plan, Denali Commission FY 2022-2026 IIJA Work Plan, and Other Accompanying Information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an

opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Purpose of This Report

The purpose of the two preceding sections of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in

considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Premier Group Services, Inc.
Landover, MD
November 13, 2026

DENALI COMMISSION
FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025

DENALI COMMISSION
BALANCE SHEETS
AS OF SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Assets		
Intragovernmental Assets		
Fund Balance with Treasury (Note 3)	$ 549,062,895	$ 386,470,341
Advances and Prepayments (Note 10)	1,279,836	145,945
Total Intragovernmental Assets	550,342,731	386,616,286
Total Assets	**$ 550,342,731**	**$ 386,616,286**
Liabilities		
Intragovernmental Liabilities		
Accounts Payable	$ 376	$ 26,342
Other Liabilities (Note 5)	17,250	20,574
Total Intragovernmental Liabilities	17,626	46,916
Other than Intragovernmental Liabilities		
Accounts Payable	28,197	52,257
Federal Employee Salary, Leave, and Benefits Payable	280,338	375,930
Other Liabilities (Note 5)	35,307,140	12,847,751
Total Other than Intragovernmental Liabilities	35,615,675	13,275,938
Total Liabilities (Note 4)	**$ 35,633,301**	**$ 13,322,854**
Net Position		
Unexpended Appropriations		
Funds from Other than Dedicated Collections	$ 343,035,426	$ 169,496,571
Total Unexpended Appropriations (Consolidated)	343,035,426	169,496,571
Cumulative Results of Operations		
Funds from Dedicated Collections (Note 7)	13,045,114	10,202,463
Funds from Other than Dedicated Collections	158,628,890	193,594,398
Total Cumulative Results of Operations (Consolidated)	171,674,004	203,796,861
Total Net Position	**$ 514,709,430**	**$ 373,293,432**
Total Liabilities and Net Position	**$ 550,342,731**	**$ 386,616,286**

The accompanying notes are an integral part of these financial statements.

DENALI COMMISSION
STATEMENTS OF NET COST
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Gross Program Costs		
Gross Costs (Note 12)	$ 77,584,481	$ 51,037,189
Net Program Costs	**$ 77,584,481**	**$ 51,037,189**
Net Cost of Operations	**$ 77,584,481**	**$ 51,037,189**

The accompanying notes are an integral part of these financial statements.

DENALI COMMISSION
STATEMENTS OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	Funds from Dedicated Collections	Funds from Other than Dedicated Collections	Consolidated Total
2026			
Unexpended Appropriations			
Beginning Balance	$ -	$ 169,496,571	$ 169,496,571
Appropriations Received	-	18,000,000	18,000,000
Appropriations Transferred In/Out	-	193,278,135	193,278,135
Appropriations Used	-	(37,739,280)	(37,739,280)
Net Change in Unexpended Appropriations	-	173,538,855	173,538,855
Total Unexpended Appropriations	**$ -**	**$ 343,035,426**	**$ 343,035,426**
Cumulative Results of Operations			
Beginning Balance	$ 10,202,463	$ 193,594,398	$ 203,796,861
Appropriations Used	-	37,739,280	37,739,280
Donations and Forfeitures of Cash and Cash Equivalents	-	1,500,000	1,500,000
Transfers In/(Out) Without Reimbursement	5,834,538	152,429	5,986,967
Imputed Financing (Note 8)	-	235,377	235,377
Net Cost of Operations	(2,991,887)	(74,592,594)	(77,584,481)
Net Change in Cumulative Results of Operations	2,842,651	(34,965,508)	(32,122,857)
Total Cumulative Results of Operations	**$ 13,045,114**	**$ 158,628,890**	**$ 171,674,004**
Net Position	**$ 13,045,114**	**$ 501,664,316**	**$ 514,709,430**
2025			
Unexpended Appropriations			
Beginning Balance	$ -	$ 124,852,024	$ 124,852,024
Appropriations Received	-	17,000,000	17,000,000
Appropriations Transferred In/Out	-	66,515,750	66,515,750
Appropriations Used	-	(38,871,203)	(38,871,203)
Net Change in Unexpended Appropriations	-	44,644,547	44,644,547
Total Unexpended Appropriations	**$ -**	**$ 169,496,571**	**$ 169,496,571**
Cumulative Results of Operations			
Beginning Balance	$ 8,566,264	$ 87,162,485	$ 95,728,749
Appropriations Used	-	38,871,203	38,871,203
Donations and Forfeitures of Cash and Cash Equivalents	-	9,675,422	9,675,422
Transfers In/(Out) Without Reimbursement	5,347,995	104,888,387	110,236,382
Imputed Financing (Note 8)	-	322,294	322,294
Net Cost of Operations	(3,711,796)	(47,325,393)	(51,037,189)
Net Change in Cumulative Results of Operations	1,636,199	106,431,913	108,068,112
Total Cumulative Results of Operations	$ 10,202,463	$ 193,594,398	$ 203,796,861
Net Position	**$ 10,202,463**	**$ 363,090,969**	**$ 373,293,432**

The accompanying notes are an integral part of these financial statements.

DENALI COMMISSION
STATEMENTS OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2026 AND 2025
(In Dollars)

	2026	2025
Budgetary Resources (Note 11)		
Unobligated Balance From Prior Year Budget Authority, Net (Note 9)	$ 191,674,963	$ 110,065,099
Appropriations	76,518,977	53,062,130
Spending Authority From Offsetting Collections	152,429	104,888,387
Total Budgetary Resources	**$ 268,346,369**	**$ 268,015,616**
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 66,792,095	$ 220,080,708
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	201,074,274	47,085,007
Unapportioned, Unexpired Accounts	480,000	849,901
Unexpired, Unobligated Balance, End of Year	201,554,274	47,934,908
Unobligated Balance, End of Year (Total)	201,554,274	47,934,908
Total Budgetary Resources	**$ 268,346,369**	**$ 268,015,616**
Outlays, Net and Disbursements, Net		
Outlays, Net (Total)	$ 55,997,333	$ (60,097,603)
Agency Outlays, Net	**$ 55,997,333**	**$ (60,097,603)**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Denali Commission (the Commission, or agency) was established under the Denali Commission Act of 1998 (P.L. 105-277, Division C, Title III), as amended, and 42 U.S.C. Chapter 38, Sec. 3121. The Commission, a "designated" federal entity as published by the Office of Management and Budget under the Inspector General Act of 1978, functions as a unique federal-state-local partnership to address crucial needs of rural Alaskan communities, particularly isolated Native villages and other communities lacking access to the national highway system, affordable power, and adequate health facilities, and facing other impediments to economic self-sufficiency. The Commission reporting entity comprises Trust Funds, General Funds, Special Funds, and General Fund Miscellaneous Receipts.

The Commission is a party to allocation transfers with other federal agencies as a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. The Commission receives allocation transfers, as the child, from the Federal Highway Administration under the Department of Transportation.

Trust Funds are credited with receipts that are generated by terms of a trust agreement or statute. At the point of collection, the Commission's receipts are unavailable until appropriated by the U.S. Congress. The Trust Fund in the Commission's financial statements includes the Trans-Alaska Pipeline Liability Fund (TAPL), which is managed by the U.S. Treasury Bureau of Fiscal Service, and assists efforts to bring bulk fuel tanks in Alaska into compliance with EPA codes.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. The Commission manages two General Fund accounts.

Special Funds are receipt accounts credited with collections earmarked by law but included in the federal funds group rather than classified as trust fund collections.

General Fund Miscellaneous Receipts are accounts established for receipts of nonrecurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the Commission. The Balance Sheets present the financial position of the agency. The Statements of Net Cost present the agency's operating results. The Statements of Changes in Net Position display the changes in the agency's equity accounts. The Statements of Budgetary Resources present the sources, status, and uses of the agency's resources and follow the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the Commission in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal

Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the Commission's accounting policies which are summarized in this note. These statements, with the exception of the Statements of Budgetary Resources, differ from the financial management reports, also prepared pursuant to OMB directives, that are used to monitor and control the Commission's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as compliance with legal requirements on the use of those funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the Commission's funds with Treasury in expenditure, receipt, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The Commission does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use Fund Balance with Treasury to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

E. Advances and Prepayments

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

F. Liabilities

Liabilities represent the amount of funds likely to be paid by the Commission as a result of transactions or events that have already occurred.

The Commission reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent amounts owed to other federal entities. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist primarily of other liabilities with related budgetary obligations, accounts payable, and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered, except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year that are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave (see Note 4).

G. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory leave, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on the latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

H. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA), administered by the U.S. Department of Labor (DOL), addresses all claims brought by the Commission's employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees whom the Commission terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for reimbursement to DOL. When applicable, the liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA. The Commission had no FECA or unemployment compensation liability as of September 30, 2026 and 2025.

I. Retirement Plans

The Commission's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the Commission's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to January 1, 1984, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired on or after January 1, 1987, are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the Commission matches any employee contribution up to an additional four percent of pay. For FERS participants, the Commission also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees participate in the Social Security program. In these instances, the Commission remits the employer's share of the required contribution.

The Commission recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the Commission for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The Commission recognizes the offsetting amount as an imputed financing source to the extent these expenses will be paid by OPM.

The Commission does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

J. Other Post-Employment Benefits

The Commission's employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the Commission with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The Commission recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM and offset by the Commission through the recognition of an imputed financing source.

K. Use of Estimates

The preparation of the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

L. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

M. Reclassification

Certain fiscal year 2025 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2. NON-ENTITY ASSETS

The Denali Commission Act of 1998 states that one of the purposes of the Commission is to deliver the services of the federal government in the most cost-effective manner practicable by reducing administrative and overhead costs. In the spirit of this legislation, the Commission has offered a service to other federal agencies whereby a federal agency may utilize the Commission to make payments to non-federal organizations in Alaska on the agency's behalf. No fee is collected for this service. Amounts received but not yet disbursed are recorded on the Balance Sheets in the Fund Balance with Treasury line and are offset by a liability on the Other Liabilities line. The balance was $0 and $22,786 as of September 30, 2026 and 2025, respectively.

NOTE 3. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2026 and 2025 were as follows:

	2026	2025
Status of Fund Balance with Treasury:		
Unobligated Balance	$ 201,554,274	$ 47,934,908
Obligated Balances Not Yet Disbursed	347,171,118	338,175,144
Temporary Sequestration – TAPL	337,503	337,503
Non-Budgetary Fund Balance with Treasury	-	22,786
Total Fund Balance with Treasury	**$ 549,062,895**	**$ 386,470,341**

No discrepancies exist between the Fund Balance reflected on the Balance Sheets and the balances in the Treasury accounts.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 4. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the Commission as of September 30, 2026 and 2025 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2026	2025
Unfunded Leave	$ 220,136	$ 298,828
Total Liabilities Not Covered by Budgetary Resources	$ 220,136	$ 298,828
Total Liabilities Covered by Budgetary Resources	35,413,165	13,024,026
Total Liabilities	**$ 35,633,301**	**$ 13,322,854**

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick leave and other nonvested leave are expensed as taken.

NOTE 5. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2026 and 2025 were as follows:

	Current	Non-Current	Total
2026			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	$ 3,465	$ -	$ 3,465
Employer Contributions and Payroll Taxes Payable (with reciprocals)	13,785	-	13,785
Total Intragovernmental Other Liabilities	**$ 17,250**	**$ -**	**$ 17,250**
Other than Intragovernmental Other Liabilities			
Other Liabilities with Related Budgetary Obligations	$ 35,307,140	$ -	$ 35,307,140
Total Other than Intragovernmental Other Liabilities	**$ 35,307,140**	**$ -**	**$ 35,307,140**
Total Other Liabilities	**$ 35,324,390**	**$ -**	**$ 35,324,390**
2025			
Intragovernmental Other Liabilities			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	$ 4,679	$ -	$ 4,679
Employer Contributions and Payroll Taxes Payable (with reciprocals)	15,895	-	15,895
Total Intragovernmental Other Liabilities	**$ 20,574**	**$ -**	**$ 20,574**
Other than Intragovernmental Other Liabilities			
Other Liabilities with Related Budgetary Obligations	$ 12,824,965	$ -	$ 12,824,965
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	22,786	-	22,786
Total Other than Intragovernmental Other Liabilities	**$ 12,847,751**	**$ -**	**$ 12,847,751**
Total Other Liabilities	**$ 12,868,325**	**$ -**	**$ 12,868,325**

NOTE 6. LEASES

The Commission occupies office space under a lease agreement for the Atwood location. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. Annual rent is charged by the State of Alaska Department of Transportation and Public Facilities. The lease term began on October 1, 2022, is renewable annually for up to nine years, and will expire on September 30, 2032.

The Commission also occupies office space in the Eagle Financial Center under a license agreement. The rent is charged by the Eagle Financial Center, LLC. The original license term began on February 20, 2025, and ended on February 28, 2026. On February 27, 2026, the Commission renewed the agreement for one year, from March 1, 2026, through February 28, 2027. Lease payments under both agreements are recognized as expense as incurred.

The Commission reviews all lease agreements to determine the appropriate accounting treatment per SFFAS 54. The Commission has determined that the effect of applying SFFAS 54 to its nonfederal lease

agreements is immaterial; accordingly, no lease liability or right-to-use lease asset has been recognized. The total lease expense for fiscal years 2026 and 2025 was $145,906 and $153,985, respectively.

Below is a schedule of estimated future payments for the term of the leases, including the annual renewal periods of the Atwood lease through September 30, 2032:

	Buildings	Total Nonfederal
Fiscal Year		
2027	$ 126,780	$ 126,780
2028	118,466	118,466
2029	119,650	119,650
2030	120,847	120,847
2031	122,061	122,061
2032	123,276	123,276
Total	**$ 731,080**	**$ 731,080**

NOTE 7. FUNDS FROM DEDICATED COLLECTIONS

The Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 established the annual transfer of interest from the Oil Spill Liability Trust Fund to the Commission. The Coast Guard and the Environmental Protection Agency enlist the assistance of the Commission to help bring bulk fuel tanks in Alaska up to environmental and safety standards as set by the two agencies. The Commission accounts for and reports on the use of these funds separately through its annual budget execution reporting.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over the use of federal funds.

Schedule of Funds from Dedicated Collections as of and for the Fiscal Years Ended September 30, 2026 and 2025:

		2026		2025
BALANCE SHEET				
Assets				
Intragovernmental Assets				
Fund Balance with Treasury	$	14,115,774	$	10,516,538
Advances and Prepayments		270,595		55,945
Total Intragovernmental Assets	**$**	**14,386,369**	**$**	**10,572,483**
Total Assets	**$**	**14,386,369**	**$**	**10,572,483**
Liabilities				
Intragovernmental Liabilities				
Accounts Payable	$	-	$	973
Total Intragovernmental Liabilities	**$**	**-**	**$**	**973**
Other than Intragovernmental Liabilities				
Accounts Payable	$	-	$	21,189
Other Liabilities		1,341,255		347,858
Total Other than Intragovernmental Liabilities	**$**	**1,341,255**	**$**	**369,047**
Total Liabilities	**$**	**1,341,255**	**$**	**370,020**
Cumulative Results of Operations	$	13,045,114	$	10,202,463
Total Liabilities and Net Position	**$**	**14,386,369**	**$**	**10,572,483**
STATEMENT OF NET COST				
Gross Program Costs	$	2,991,887	$	3,711,796
Net Program Costs	$	2,991,887	$	3,711,796
Net Cost of Operations	$	2,991,887	$	3,711,796
STATEMENT OF CHANGES IN NET POSITION				
Cumulative Results of Operations:				
Beginning Balance	$	10,202,463	$	8,566,264
Transfers In/(Out) Without Reimbursement		5,834,538		5,347,995
Net Cost of Operations		(2,991,887)		(3,711,796)
Net Change in Cumulative Results of Operations	$	2,842,651	$	1,636,199
Total Cumulative Results of Operations		**13,045,114**		**10,202,463**
Net Position, End of Period	**$**	**13,045,114**	**$**	**10,202,463**

NOTE 8. INTER-ENTITY COSTS

The Commission recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed financing. Such imputed costs and financing relate to employee benefits. The Commission recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees.

The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal years ended September 30, 2026 and 2025, inter-entity costs were as follows:

	2026	2025
Office of Personnel Management	$ 235,377	$ 322,294
Total Inter-Entity Costs	**$ 235,377**	**$ 322,294**

NOTE 9. UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes. Other changes in unobligated balances equal appropriations transferred in, net of transfers out, less current-year transfers reported in Appropriations on the Statement of Budgetary Resources. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2026 and 2025, consisted of the following:

	2026	2025
Unobligated Balance Brought Forward from Prior Year, October 1	$ 47,934,908	$ 62,310,938
Recoveries of Prior Year Obligations	1,646,359	2,277,124
Other Changes in Unobligated Balances	142,093,696	45,477,037
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	**$ 191,674,963**	**$ 110,065,099**

NOTE 10. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2026 and 2025 were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2026			
Paid Undelivered Orders	$ 1,279,836	$ -	$ 1,279,836
Unpaid Undelivered Orders	3,951,955	307,805,997	311,757,952
Total Undelivered Orders	**$ 5,231,791**	**$ 307,805,997**	**$ 313,037,788**
2025			
Paid Undelivered Orders	$ 145,945	$ -	$ 145,945
Unpaid Undelivered Orders	3,903,673	321,270,230	325,173,903
Total Undelivered Orders	**$ 4,049,618**	**$ 321,270,230**	**$ 325,319,848**

NOTE 11. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

The President's Budget that will include fiscal year 2026 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2027 and will be available on the OMB website: https://www.whitehouse.gov/omb/. The Fiscal Year 2027 Budget of the United States Government, with the "Actual" column completed for 2025, has been reconciled to the Statement of Budgetary Resources, and there were no material differences.

(In Millions)

	Total Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
2025				
Combined Statement of Budgetary Resources	$ 268	$ 220	$ -	$ (60)
Other Differences	(1)	-	-	-
Budget of the U.S. Government	**$ 267**	**$ 220**	**$ -**	**$ (60)**

NOTE 12. RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

The reconciliation of Net Cost to Net Outlays for the fiscal year ended September 30, 2026:

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	**$ 3,174,026**	**$ 74,410,455**	**$ 77,584,481**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Advances and Prepayments	1,133,891	-	1,133,891
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	25,966	24,060	50,026
Federal Employee Salary, Leave, and Benefits Payable	-	95,592	95,592
Other Liabilities	3,324	(22,459,389)	(22,456,065)
Financing Sources:			
Imputed Cost	(235,377)	-	(235,377)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	**$ 927,804**	**$ (22,339,737)**	**$ (21,411,933)**
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Financing Sources:			
Donations and Forfeitures of Cash and Cash Equivalents	-	(1,500,000)	(1,500,000)
Transfers Out/(In) Without Reimbursements	(152,429)	-	(152,429)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	**$ (152,429)**	**$ (1,500,000)**	**$ (1,652,429)**
Miscellaneous Items			
Non-Entity Activity	(22,786)	-	(22,786)
Appropriated Receipts for Trust/Special Funds	-	1,500,000	1,500,000
Total Miscellaneous Items	**$ (22,786)**	**$ 1,500,000**	**$ 1,477,214**
Total Net Outlays (Calculated Total)	**$ 3,926,615**	**$ 52,070,718**	**$ 55,997,333**
Budgetary Agency Outlays, Net	**$ -**	**$ -**	**$ 55,997,333**

The reconciliation of Net Cost to Net Outlays for the fiscal year ended September 30, 2025:

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	**$ 4,622,214**	**$ 46,414,975**	**$ 51,037,189**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	-	(27,003)	(27,003)
Advances and Prepayments	(944,054)	(997)	(945,051)
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	(2,259)	7,699	5,440
Federal Employee Salary, Leave, and Benefits Payable	-	(44,659)	(44,659)
Other Liabilities	258,032	(5,007,582)	(4,749,550)
Financing Sources:			
Imputed Cost	(322,294)	-	(322,294)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	**$ (1,010,575)**	**$ (5,072,542)**	**$ (6,083,117)**
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Financing Sources:			
Donations and Forfeitures of Cash and Cash Equivalents	-	(9,675,422)	(9,675,422)
Transfers Out/(In) Without Reimbursements	(104,888,387)	-	(104,888,387)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	**$ (104,888,387)**	**$ (9,675,422)**	**$ (114,563,809)**
Miscellaneous Items			
Non-Entity Activity	(163,288)	-	(163,288)
Appropriated Receipts for Trust/Special Funds	-	9,675,422	9,675,422
Total Miscellaneous Items	**$ (163,288)**	**$ 9,675,422**	**$ 9,512,134**
Total Net Outlays (Calculated Total)	**$ (101,440,036)**	**$ 41,342,433**	**$ (60,097,603)**
Budgetary Agency Outlays, Net	**$ -**	**$ -**	**$ (60,097,603)**